



# County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN  
Chief Administrative Officer

December 23, 2003

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE BRATHWAITE BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

To: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne Brathwaite Burke  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich  
From: David E. Janssen  
Chief Administrative Officer

## QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (FOURTH QUARTER 2003)

In response to the increased level of CRA activity in the County and this office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report, covering activities during the fourth quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, this office works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran or Jerry Ramirez at (213) 974-1130 or (213) 974-4282, respectively.

DEJ:LS  
MKZ:JR:nl

Attachment

c: County Counsel  
Auditor-Controller

**COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES**  
**Quarterly Report – Fourth Quarter 2003 – December 23, 2003**

**New CRA Projects - Routine Notifications/Reports Provided to Board**

<b>CRA Projects</b>	<b>District</b>	<b>Type of Notification</b>	<b>Date</b>
Redevelopment Project No. 5, City of Glendora (See Below)	Fifth	Initial Study	December 24, 2003

**Board Letters/Actions During Quarter**

<b>CRA Projects</b>	<b>District</b>	<b>Action</b>	<b>Date of Board Action</b>
Project Area No. 1 and Merged and Amended Project Area - City of Carson	Second	Subordination of tax increment	December 2, 2003

**Major Ongoing or Emergent CRA Issues**

**Azusa (First District)**

**Issue:** The City adopted the Merged Central Business District and West End Redevelopment Project on October 6, 2003. The project included the inclusion of three County parcels. In order for Agency to commence redevelopment activities on County parcels, Board approval of Agency's redevelopment plan is required. Also, the Agency requested Board approval of an amendment to an existing agreement with the County to eliminate an annual tax increment limit and replace it with a project cap.

**Status:** Board letter recommending approval of both the redevelopment plan for County parcels and the amendment to existing agreement is scheduled for the January 6, 2004 Board Agenda.

**Glendora (Fifth District)**

**Issue:** CAO received Initial Study for Redevelopment Project No. 5 for the Glendora Community Redevelopment Agency. The proposed project will merge the Agency's four existing redevelopment areas in the City, add new territory, and establish the authority to purchase non-residential real property through eminent domain in all five areas. The added area comprises approximately 309.56 acres.

**Status:** CAO staff will review project consistent with redevelopment policy adopted by the Board.

**Litigation**

**Los Angeles - Chinatown (First District)**

**Issue:** Agency proposed to amend the Chinatown project by increasing the lifetime cap and extending time limits. Clause in the 1980 Tax Allocation Agreement requires the Agency to "negotiate in good faith" with the County regarding any amendments.

**Status:** Despite County objections, including inadequacy of plan, lack of an updated EIR, and breach of contract, the City adopted the project. The Board authorized legal action, and a lawsuit was filed. The City prevailed on the adequacy of plan and EIR issues. On December 10, 2003, the court ruled in favor of the City regarding the final, breach of contract, issue.

### **Los Angeles - City Center (First and Second Districts)**

- Issue:** Agency adopted the City Center Redevelopment Project on May 15, 2002. This project of approximately 880 acres in Downtown Los Angeles reestablishes as a new project much of the existing Central Business District (CBD) Project, which has reached its court-validated project cap.
- Status:** The County filed a lawsuit objecting to the Project on the basis that it violates the court-validated project cap on the CBD Project, and improperly includes 30 acres of non-blighted parking lots surrounding the Staples Center. The trial judge issued a final decision invalidating the project. The judge's decision cites the court-validated project cap and the inconsistency of permitting the City to evade the effect of that limitation. The City has appealed the decision.

### **Los Angeles - Central Industrial (First and Second Districts)**

- Issue:** The City adopted the Central Industrial Redevelopment Project on November 15, 2002. The project includes approximately 744 acres of primarily industrial areas located in the southeast section of Downtown Los Angeles. Similar to the City Center Project, the Central Industrial Project includes detachment of parcels from the CBD Project.
- Status:** Similar to City Center, County filed lawsuit objecting to the Project on the basis that it violates the court-validated project cap on the CBD project. On September 19, 2003, the court issued a ruling invalidating the project. The City has appealed the decision.

### **Legislation**

#### **SB 465**

- Issue:** This Bill would declare that local government would be able to establish Transit Village Redevelopment Areas centered on a rail transit station that would create new "blight" criteria, loosen existing redevelopment limits, and exempt pass-through obligations to taxing entities.
- Status:** On May 29, 2003, this bill was held in committee and is under submission. This bill is dead since it has not moved out of the house of origin; however, there is the possibility of the bill resurfacing if a rule waiver is granted. We will continue to monitor this bill.

#### **AB 1235**

- Issue:** This bill would establish a procedure to allocate a portion of property tax revenue of a dissolved redevelopment agency to school entities.
- Status:** On March 17, 2003, this bill was sent to committee. This bill is dead since it has not moved out of the house of origin; however, there is the possibility of the bill resurfacing if a rule waiver is granted. We will continue to monitor this bill.

#### **AB 1755/SB 1045**

- Issue:** This bill in the budget package requires a one-time transfer of \$135 million in property tax from redevelopment agencies to the Educational Revenue Augmentation Fund (ERAF) in 2003-04. This bill contains CRA-requested language that gives agencies flexibility in how the payments are made and authorization to amend redevelopment plans to add one year for the plan's period of effectiveness and for repayment of indebtedness. This additional year of tax increment flowing to

redevelopment agencies would be a diversion from the taxing entities and would allow agencies to access additional property tax revenues far in excess of the amount shifted to ERAF.

Status: CAO, IGR, and County Council are exploring legislative options to lessen impact on counties.

**Overall CRA Statistics**

Active CRA Projects	294
Pending CRA Projects	30